



TEMPORARY ALTERNATIVE WORK SCHEDULE (TAWS)

May 14, 2008

Dear MSF Employee:

We value your service and commitment to our organization. Our goal is to continue making MSF a preferred employer or Employer of Choice that creates and nurtures an environment where employees are recognized as our most valuable asset.

MSF will once again offer the "Temporary Alternative Work Schedule" (TAWS) to our employees. This TAWS program will provide you the opportunity to have every other Friday off, during the months of June, July and August 2008. Here's how it will work:

Employees will be divided into two groups (Group #1 and Group #2) so that everyone will not be off on the same Friday. Vice Presidents and Team Leaders will work together with employees in their respective departments to ensure that work schedules are covered and continued excellent service is provided to our customers and partners. It is important to note that throughout TAWS, customer service must always come first. The Ground rules for TAWS are:

1. The "work week" will be from Friday noon to Friday noon for purposes of overtime under FLSA.
2. Overtime will only be paid after 40 hours.
3. TAWS is for the months of June, July and August.
4. TAWS is a voluntary program that employees must sign-up for and agree to the terms of the plan. (See Temporary Alternative Work Schedule Agreement on the portal).
5. TAWS is not a permanent change to our current approved work schedule. Results will be closely monitored and reviewed to determine how we should proceed in the future.

Let me reiterate; this is a voluntary program. We will not be able to accommodate special exceptions. We will continue to evaluate and determine if this type of flexible arrangement can work while still allowing us to fulfill our customer service obligations.

Please review the two alternative work schedules for Groups 1 and 2. Should you have any questions, please contact your team leader.

Our vision as an organization is that we are dedicated individuals working in an environment of teamwork, collaboration and trust. For this process to succeed, we'll need your commitment to work within the framework that has been established. Should we find that the implementation of TAWS negatively impacts operations or customer service, we will terminate this program.

I hope you are as excited as I am about TAWS. Our Board and leaders continue to make employee satisfaction a top priority, and I believe that the alternative work schedule is an important step in that direction.

Thank you for your ongoing support.

Tony Johnson
Vice President, Human Resources

2008 Voluntary “Temporary Alternative Work Schedule” Agreement

I _____ hereby voluntarily sign up to participate in the “Temporary” Alternative Work Schedule” and to abide by the work program schedule as laid out in selected plan with no exceptions.

Non-exempted employees only: I _____ agree that overtime will only be paid after 40 hours during Voluntary “Temporary” Alternative Work Schedule.

Please note and understand that work assignments come first and that you may be asked to work on your scheduled Friday off.

Name: _____ Date: _____
Employee Signature

Name: _____
Please Print Name

Department: _____

Team Leader Signature: _____

Vice President Signature: _____

Assigned or selected Group: Group 1# _____ Group 2# _____

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- ☐ This document ***must*** be signed by the employee and returned to the Team Leader no later than 4 p.m. on Friday, May 16, 2008.
- ☐ The Team leader is to sign this form and return it to the Vice President no later than 3:00 p.m. on Wednesday, May 21, 2008.
- ☐ The Vice President is to sign this form and return it to Breck Scheet in Human Resources no later than 4 p.m. on Friday, May 23, 2008.



PERSONAL LEAVE PROGRAM

Policy Statement

The purpose of this policy is to establish guidelines and communicate program requirements for the administration of Personal Leave, Extended Leave, and Personal Leave Donations.

Parental Leave, Disability and Maternity Leave, Disaster and Emergency Leave, Military Leave, Jury Duty and Witness Leave will continue to be administered as outlined in Title 2, chapter 18, part 6 of the Montana Code Annotated and as outlined in the Montana Operations Manual (MOM) Volume III, Personnel Policies and Procedures. Where applicable, Personal Leave and/or Extended Leave will be substituted for “Annual Vacation Leave” and “Sick Leave” use as outlined in these policies.

This policy shall be followed unless it conflicts with negotiated labor contracts or specific statutes, which shall take the precedence to the extent applicable.

Exceptions to this policy are considered on a case-by-case basis. Policy exception requests require written explanation approved by the Department VP and forwarded to Human Resources. Human Resources reviews the request and provides a recommendation to the President/CEO. The President/CEO makes the final determination on any policy exceptions.

A. Personal Leave

Personal Leave use is a leave of absence with pay for the purpose of rest, relaxation, vacation, personal business, short term illness or sickness of the employee, medical appointments, parental leave (as defined in the State of Montana’s Parental Leave Policy) or for the short term care and attendance of an ill immediate family member. An immediate family member may include the employee’s spouse and any member of the employee’s household, or any parent, child, grandparent, grandchild, or corresponding in-law.

1. Personal Leave Eligibility

- a. All Montana State Fund employees are eligible to earn Personal Leave credits. Part-time employees earn Personal Leave credits on a pro-rated basis based on the actual number of hours worked during the pay period. Temporary and contract employees are not eligible to earn Personal Leave Credits.
- b. An employee must be continuously employed for the qualifying period of 6 calendar months to be eligible to take Personal Leave Time off, or receive cash compensation for Personal Leave. Unless there is a break in service in excess of 5 continuous working days resulting from termination, resignation, or an unapproved leave of absence, the employee is required to serve the qualifying period once. After the first 3 months of continuous service, an employee is eligible to use up to three days of Personal Leave for purposes of illness of self, or immediate family member. Employees who have satisfied the 6 continuous calendar month qualifying period and are transferring from another Montana State Agency without a break in service will not be required to re-serve the qualifying period.
- c. Personal Leave credits accrue from the first day of employment. Leave credits may not be advanced nor may leave be taken retroactively.
- d. Hours in a pay status paid at the regular rate will be used to calculate leave accrual.

Personal Leave will not accrue for those hours worked in excess of 40 in a workweek, nor for the period of time an employee is in an approved “leave without pay” status.

2. Calculation and Accrual of Personal Leave

- a. Personal Leave credits are earned at a yearly rate calculated in accordance with the following schedule:

Personal Leave Credits Rate earned Schedule

Years of Employment	Working Days Credit per Year
1 day through 10 years	21
10 years through 15 years	24
15 years through 20 years	27
20 years on	30

- b. For the purpose of calculating years of employment for the purpose of the Personal Leave Credits Rate earned Schedule, an employee will be credited with 1 year of service for each period of 2,080 hours of service following their date of employment; an employee is credited with 80 hours of service for each biweekly pay period in which they are in a pay status or on an authorized leave of absence without pay (regardless of the number of hours actually worked).
- c. An employee must be continuously employed for the qualifying period of 6 calendar months to be eligible to take or receive cash compensation for Personal Leave. After the first 3 months of continuous service, an employee is eligible to use up to three days of Personal Leave for purposes of illness of self, or immediate family member. Unless there is a break in service in excess of 5 continuous working days resulting from termination, resignation, or an unapproved leave of absence, the employee is required to serve the qualifying period once. Employees who have satisfied the 6 continuous calendar month qualifying period and are transferring from another Montana State Agency without a break in service will not be required to reserve the qualifying period.
- d. Personal Leave credits accrue from the first day of employment. Personal Leave credits are earned at the end of each bi-weekly pay period. An employee may take approved Personal Leave at the start of the next pay period, provided the employee has worked the qualifying period. Leave credits may not be advanced nor may leave be taken retroactively.
- e. Hours in a pay status paid at the regular rate will be used to calculate leave accrual. Personal Leave will not accrue for those hours worked in excess of 40 in a workweek, nor for the period of time an employee is in a “leave without pay” status.

3. Pay Period Accrual of Personal Leave Credits

- a. If the employee is in a pay status at least 80 hours in a bi-weekly pay period, the employee accrues the number of hours of Personal Leave credits in accordance with the following schedule:

Personal Leave Credits Full-time Bi-Weekly pay Period Schedule

Number of Completed Years of Employment	Credits Earned per Pay Period
0 - 10 years	6.46
10 -15 years	7.39
15 - 20 years	8.31
20 years on	9.23

- b. If an employee is in a pay status less than 80 hours in a bi-weekly pay period, the employee accrues the number of hours of Personal Leave credits calculated by using the applicable amount from the following schedule multiplied by the hours worked:

**Personal Leave Credits
Part-time Bi-Weekly pay Period Schedule**

Number of Completed Years of Employment	Credits Earned per Pay Period
0 - 10 years	.081 x number of hours worked
10 -15 years	.092 x number of hours worked
15 - 20 years	.104 x number of hours worked
20 years on	.115 x number of hours worked

- c. When recording Personal Leave credits, they are rounded to six digits beyond the decimal point and carried in each employee's account in that configuration.

4. Minimum Use, Maximum Balance, and Cash-out of Personal Leave

- a. After their first full year of employment, employees are required to use a minimum of 5 days (40 hours) of Personal Leave. These 40 hours are to be taken during the first full calendar year of employment. Employees are required to use a minimum of 10 days (80 hours) of Personal Leave each calendar year thereafter. Management may require an employee to use Personal Leave to meet the minimum use requirement each calendar year. If for business reasons (at the discretion of management) an employee is not provided the opportunity to use scheduled Personal Leave to meet the minimum use requirement, hours not used will remain in the employee's personal Leave balance.
- b. Employees may accumulate up to two times the total number of Personal Leave credits the employee is eligible to earn per year, according to the rate earned schedule.
- c. Excess Personal Leave credits will be cashed-out at the employee's regular rate of pay effective the first full pay-period in January of each year.

5. Personal Leave Use Requests

- a. Personal Leave use is provided at the request of the employee and with the concurrence and approval of the employee's leader. The dates when an employee's Personal Leave shall be granted shall be determined by agreement between the employee and their leader with regard to the best interests of the Montana State Fund and the employee. Where the interest of MSF requires the employee's attendance, MSF's interest overrides the employee's interest. The leader must provide reasonable opportunity for an employee to use accumulated Personal Leave. Personal Leave use requests and approval process is subject to the provisions of Section 3, Article 13 of the current MPEA contract.
- b. When the need for use of Personal Leave is unexpected due to illness or injury of the employee or immediate family member, the employee is required to notify their leader daily, prior to the beginning of their work shift of the unplanned absence. When the

absence can be planned (such as medical appointments) the employee is expected to follow the leave request procedure noted in “a” above.

- c. When approving an employee’s request to take Personal Leave, the leader must consider whether the combination of hours worked and Personal Leave taken will result in greater than 40 hours in a pay status in a workweek. Normally, a leader shall only approve Personal Leave use that results in an employee receiving pay for 40 hours in a workweek. At any time during the workweek, leadership may adjust the amount of Personal Leave taken to maintain a 40-hour workweek. (See Article 8, Sections 3 & 12 of the current MPEA contract.)
- d. In no case may the number of hours of Personal Leave taken exceed the number of hours the employee is regularly scheduled to work.
- e. Personal Leave must be taken in minimum increments of one-half hour.
- f. An employee who terminates employment for a reason not reflecting discredit on the employee is entitled upon the date of termination to cash compensation at their current salary rate for unused Personal Leave, assuming the employee worked the qualifying period (up to 3 days will be available upon termination after the 3 month qualifying period has been met, full balance of Personal Leave credits are available after the 6 month qualifying period has been met).

B. Extended Leave

Extended Leave is used for situations where an employee suffers an illness, injury, accident, or quarantine, which results in absence from work for 3 or more consecutive working days.

1. Extended Leave Eligibility

- a. All Montana State Fund employees are eligible to earn Extended Leave credits. Part-time employees earn Extended Leave credits on a pro-rated basis based on the actual number of hours worked during the pay period. Temporary and contract employees are not eligible to earn Extended Leave Credits.
- b. An employee must be continuously employed for the qualifying period of 3 calendar months to be eligible to take Extended Leave. Unless there is a break in service in excess of 5 continuous working days resulting from termination, resignation, or an unapproved leave of absence, the employee is required to serve the qualifying period once. Employees who have satisfied the 3 continuous calendar month qualifying period and are transferring from another Montana State Agency without a break in service will not be required to re-serve the qualifying period.
- c. Extended Leave credits accrue from the first day of employment. Leave credits may not be advanced nor may leave be taken retroactively.
- d. Hours in a pay status paid at the regular rate will be used to calculate leave accrual. Extended Leave will not accrue for those hours worked in excess of 40 in a workweek, nor for the period of time an employee is in an approved “leave without pay” status.

2. Calculations and Accrual of Extended Leave

- a. Extended Leave credits are earned at a yearly rate of 6 days per year (1.845 hours per pay period) for full time employees. Part time employees earn .023 per hour worked. Extended Leave credits are rounded to six digits beyond the decimal point and carried in the employee’s account in that configuration.
- b. Extended Leave credits accrue from the first day of employment. Extended Leave credits are earned at the end of each bi-weekly pay period. An employee may take approved Extended Leave earned during a given pay period at the start of the next pay period, provided the employee has worked the qualifying period. Leave credits may not be advanced nor may leave be taken retroactively.
- c. Hours in a pay status paid at the regular rate will be used to calculate leave accrual.

Extended Leave will not accrue for those hours worked in excess of 40 in a workweek, nor for the period of time an employee is in a “leave without pay” status.

- d. There is no restriction as to the number of hours of Extended Leave credits that may be accumulated, nor to the number of credits that may be used for a bona fide employee illness, injury, disability, or quarantine that requires greater than 3 days absence from work.

3. Extended Leave Use Requests

- a. Extended Leave use is provided at the request of the employee and with the concurrence and approval of the employee’s leader. The dates when an employee’s Extended Leave shall be granted shall be determined (when possible) by agreement between the employee and their leader with regard to the best interests of the Montana State Fund and the employee.
- b. When the need for use of Extended Leave arises, the employee is required to notify their leader of the status of their absence. When the absence can be planned, the employee is expected to follow the leave request procedure noted in “a” above.
- c. When approving an employee’s request to take Extended Leave, the leader must consider whether the combination of hours worked and Extended Leave taken will result in greater than 40 hours in a pay status in a workweek. Normally, a leader shall only approve Extended Leave use that results in an employee receiving pay for 40 hours in a workweek. At any time during the workweek, leadership may adjust the amount of Extended Leave taken to maintain a 40hour workweek. (See Article 8, Sections 3 & 12 of the current MPEA contract..)
- d. In no case may the number of hours of Extended Leave taken exceed the number of hours the employee is regularly scheduled to work.
- e. Extended Leave must be taken in minimum increments of one-half hour.
- f. Extended Leave balances have no cash value at the time of termination or resignation of employment.
- g. The first 3 consecutive working days of a health condition that qualifies under Extended Leave use will be charged to Personal Leave. The 4th (and following consecutive days) will be charged to Extended Leave. Necessary intermittent absences resulting from an FMLA qualifying condition will be charged to extended leave if they are reported as such during the pay period they occur. This applies to each (separate) FMLA qualifying event.
- h. An employee who experiences an appropriate use of Extended Leave as defined in this policy while taking approved Personal Leave may be allowed to substitute Extended Leave credits for Personal Leave credits.

C. Extended Leave Donations and Direct Grants

Extended Leave donations and grants provide Montana State Fund employees the ability to share accrued Extended Leave with qualifying employees who suffer an extensive illness or accident or for the necessary care of or attendance to an immediate family member until other attendance can reasonably be obtained, and do not have the necessary Personal Leave and Extended leave balances to cover the absence. Montana State Fund will continue to participate in the State of Montana’s Sick Leave Donation and Grant Program. Personal Leave will be used in lieu of “annual leave” and Extended Leave will be used in lieu of “sick leave” per the program requirements.

D. Employees Transferring to State Agencies

(Applies to those employees who transfer to a Montana State Agency without a greater than 5 working day break in service).

- a. Montana State Fund will “cash out” upon the employee’s transfer date any Personal Leave credits that are in excess of the maximum balance allowed under the State of

Montana's Annual Leave Policy. Remaining Personal Leave Credits will transfer with the employee and become annual leave.

- b. Extended Leave credits will transfer to the receiving State Agency as "sick leave" credits at the date of transfer.

E. Employees Transferring from State Agencies

(Applies to those employees who transfer to a Montana State Agency without a greater than 5 working day break in service).

- a. Annual Leave: Current annual leave balances as of the employee's hire date with Montana State Fund will become "Personal Leave".
- b. Sick Leave: $\frac{1}{4}$ of current sick leave balances as of the employee's hire date with Montana State Fund will become "Personal Leave". The remaining balance will become "Extended Leave".
- c. Montana State Fund will not transfer Exempt Compensatory Time credits.



TUITION REIMBURSEMENT POLICY

Montana State Fund (MSF) recognizes the value of our employees increasing their knowledge, skills, abilities and contributions to the organization through continuing education. To encourage employees to further their education and enhance their opportunities for professional growth, MSF has created this Tuition Reimbursement Program.

Eligible Employees: MSF employees are eligible for the benefits provided if they have been continuously employed at MSF for a period of at least one year prior to enrolling in the course of study for which they seek reimbursement.

Non-eligible MSF Employees: Probationary status employees; interns; employees with a performance rating below a 3 in the STAR program; employees not in good standing, such as having received a formal disciplinary action within the previous 12-month period; part-time employees who work an average of less than 32 hours per week (less than a 0.75 FTE); and temporary employees are not eligible for tuition reimbursement.

Expenses Eligible for Reimbursement: Reimbursement will be provided for the fees and costs identified below that have been incurred in connection with approved coursework at an accredited institution. The term “accredited institution” applies to an institution that has received accreditation from a nationally- or state-recognized accrediting association that is acceptable to MSF. PLEASE NOTE: Establishing whether coursework to be taken through a distance learning program or a private institution meets MSF’s requirements may necessitate research and documentation thereof by Human Resources. Employees must make such requests 30 days in advance of the course registration date to ensure that approval of a reimbursement request has been received prior to registering for the course.

Fees Eligible for Full or Partial Reimbursement: Registration fees, tuition, lab fees, and books.

To be eligible for reimbursement, courses must be: 1) related to the employee’s current job, 2) directly applicable for career advancement opportunities in a field applicable to MSF business, 3) required by the educational institution as part of an approved degree program. Typically, general education courses such as sociology, psychology and physical education will not be considered related to an employee’s current job and will not be eligible for reimbursement unless the employee is enrolled in an approved degree program and the courses are required as part of that degree program. To be eligible, courses must be taken for credit and an employee must receive a grade of “C” or better (or “Pass” in a pass/fail course). Courses taken for Continuing Education Units (CEUs) or certification (job-related seminars, workshops or conferences) are covered under the MSF Training Policy.

Approved Degree Program: Prior to beginning coursework that falls under item 3 in the paragraph above, an employee must request and receive approval of the degree program for

which the coursework is required. Only degree programs that are in an academic discipline relevant to the business of MSF, such as safety, computer science, accounting/finance, human resources, management, etc., are eligible for approval. Consideration for whether an academic discipline is relevant to the business of MSF includes whether the degree meets the required educational qualifications for specific professional fields represented at MSF. Before entering into any type of agreement or contract with an academic institution that commits the employee to a program of coursework, especially when the contract sets forth payment terms that include monthly or periodic payments, employees are encouraged to confirm with Human Resources that the program will be eligible for reimbursement under this policy.

Fees Not Approved for Reimbursement: Admission test fees; application fees; graduation fees; late registration fees; course withdrawal fees; course cancellation fees; parking permits or charges; supplies, including software and calculators; student activity fees; transcript fees.

Pre-approval Application Procedures: Prior to registering for each course, employees must complete an application form, obtain their team leader and department vice president's approval and forward the signed application form to Human Resources for review and processing. Human Resources will send a confirming e-mail to the team leader and the employee to verify that the Application has been received and processed. Reimbursement will not be provided for those courses that, although otherwise eligible, are not approved by the department vice president and/or reviewed and processed by Human Resources prior to registration.

Reimbursement Rates and Terms:

- Employees must be actively employed by MSF at the time of reimbursement.
- Employees will be reimbursed for eligible expenses from the accredited institution of their choice, public or private.
- Eligible expenses for graduate-level and undergraduate-level courses taken by full-time employees will be reimbursed at 100% (except for books which are reimbursed at 50%) up to a maximum of \$4,000 each fiscal year.
- Part-time employees are eligible for a prorated reimbursement. For example, a $\frac{3}{4}$ -time employee will be eligible for reimbursement up to $\frac{3}{4}$ of the \$4,000 annual benefit, or \$3,000.
- If the maximum allotted reimbursement amount is not paid to the employee, any remaining benefit dollars will not be carried over into the next fiscal year.

Reimbursement Procedures: To request reimbursement, an employee must attach to his/her copy of the Application Form the grade report/transcript validating the successful completion of the pre-approved course and a copy of all receipts for eligible expenses paid and books purchased at the beginning of each course. Each dollar amount on the receipts must be clearly marked with the type of expense, e.g., tuition, registration, textbook. Payments to employees under this policy are limited to reimbursement for eligible expenses paid by the employee prior to registering for a course. MSF will not pay to an employee amounts that are due on an installment plan that represent tuition or expenses (or partial tuition/expenses) for a course not yet completed.

Coordination with Other Educational Assistance Programs: Tuition reimbursement provided under this policy may be used to supplement other educational financial assistance programs such as veteran's benefits, scholarships and Pell or Pell-type grants provided the employee does not receive more than the total cost of education. All educational grant monies received by an employee must be communicated to MSF at the time of the request for

reimbursement to allow MSF to reimburse only those eligible expenses that exceed the amount of the grant monies received.

Tax Impacts: Tax-free educational assistance benefits include tuition, fees and similar expenses, books, supplies, and equipment. For courses beginning on or after January 1, 2002, the payments may be for either undergraduate- or graduate-level courses. Because IRS codes are subject to change, employees should seek advice from an accountant or the IRS when filing their annual tax returns.

Time Off Work to Attend Approved Courses: Every effort should be made by the employee to schedule class attendance outside of normal office hours. When business circumstances allow and prior approval has been received from the employee's leader and department vice president, non-exempt employees participating in this program may use annual leave or compensatory time to attend classes held during the employee's normal work schedule. As an alternative, non-exempt employees may also request to "flex" their work schedule by making up time used to attend courses held during the employees normal work schedule.

To ensure business needs are met, exempt employees must receive prior approval from their team leader to attend classes held during their normal work schedule.



Tuition Reimbursement Program Application Form for FY09

*Please use one form for each course to be taken

Employee Name (Last, First & MI)		Employee ID Number	
Department		Position Title	
Name of School			
Name of Course		Course Number	Course Credits
Does the class meet during your normal office hours? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes", do you request annual leave, comp-time or a flexible work schedule? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Complete one of the following three items. 1) This course directly contributes to the performance of my current job duties/responsibilities by: 2) This course is directly applicable to my preparing for career advancement at MSF in the position of: 3) This course is required in a degree program that has been approved by my Team Leader: Course of Study: _____ Degree: _____ NOTE: Review the Approved Degree Program section of the Tuition Reimbursement Policy for specifics before completing/approving this form. If more space is needed, you may continue your response on a page added to this form.			
Eligibility for Reimbursement An employee must have been continuously employed in an eligible position for a period of at least one year prior to registration for a course and must receive a grade of "C" or better or a "Pass" in a pass/fail course.			
Expenses Covered Registration fees, tuition, lab fees and books (50%) for coursework at an accredited institution. Accredited institution refers to an institution that has been accredited by a nationally-, regionally- or state-recognized and acceptable accrediting association.			
Expenses Not Covered Admission test fees; application fees; graduation fees; late registration fees; course withdrawal fees; course cancellation fees; parking permits/charges; supplies, including software and calculators; student activity fees; and transcript fees			
Reimbursement Rates & Terms Employee must be actively employed by MSF at the time of reimbursement. Employees will be reimbursed for eligible expenses for coursework taken at an accredited institution of their choice. Eligible expenses for approved graduate-level and undergraduate-level courses taken by full-time employees will be reimbursed at 100% (books at 50%) up to a maximum of \$4,000 per fiscal year. Part-time employees are eligible for a prorated reimbursement. See Tuition Reimbursement Policy for an example. If the maximum allotted reimbursement amount is not paid to the employee, any remaining benefit dollars will not be carried over to the next fiscal year. NOTE: Review the Coordination With Other Educational Assistance Programs section of the Tuition Reimbursement Policy before completing/approving this form.			
I have read and understand the Tuition Reimbursement Policy and agree to the terms thereof.			
Employee's Signature _____		Date _____	
Approval Section *Employee will not be eligible for reimbursement unless this form has been approved by the Department VP and verified by Human Resources <i>before</i> employee registers for course.			
Leader's Recommendation: _____		<input type="checkbox"/> Approval <input type="checkbox"/> Disapproval	
Signature/Date: _____			
Department Vice President's Approval: _____		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Signature/Date: _____			
IMPORTANT NOTE: Application must be forwarded to Human Resources <i>before</i> employee registers for course.			
HR's Verification of Compliance/ Eligibility Prior to Registration for Coursework: Eligible: <input type="checkbox"/> Yes <input type="checkbox"/> No			
Signature/Date: _____			
To request reimbursement following completion of the course, submit to HR your copy of the approved Application form, the grade report/transcript showing the grade you received and copies of all receipts for eligible expenses paid and books purchased. Each dollar amount on the receipts must be clearly marked with the type of expense, e.g., tuition, registration, textbook.			
Employee's Request for Reimbursement Following Successful Completion of Approved Coursework <i>By my signature below, I verify that I have completed the coursework described above, the attached receipts are an accurate reflection of my out-of-pocket expenses and I otherwise meet all of the criteria for reimbursement under the Tuition Reimbursement Program.</i>			
Signature/Date: _____			

HR Vice President's Approval of Reimbursement: ☐ Yes ☐ No
Signature/Date

IDEA PROGRAM

Innovation Deserves Extra Acknowledgment

I. IDEA Program description

II. Definitions

III. IDEA Program Coordinator responsibilities

IV. IDEA Program Application procedures

V. Evaluation and prioritization of IDEA Program Applications

VI. Presentation of awards

FORM (can be found on the MSF Intranet – Forms Page)

I. IDEA PROGRAM DESCRIPTION

Montana State Fund IDEA (Innovation Deserves Extra Acknowledgement) Program rewards outcomes and achievements which can be documented as well as ideas or suggestions for future improvements to MSF operations. An idea or suggestion becomes eligible to be considered for an award when it is implemented or when documented achievements and outcomes can be determined. Recognition also is possible for improving the effectiveness of MSF operations or improving services to our customers by permitting more work to be accomplished without

increasing the cost of operations.

The individual employee or group of employees/team submits the idea for consideration to Human Resources using the IDEA Program Application form.

Amounts of \$10 to \$500 may be awarded to an individual or a team for an idea for which a documented value cannot be calculated.

Amounts up to a maximum of \$1,000 may be awarded to an individual or a team for an achievement or outcome for which a documented value can be calculated.

II. DEFINITIONS

A. "Employee" means a current employee of Montana State Fund.

B. "Group or team of employees" means a group of two or more employees, including a team or work unit in which the individuals have worked cooperatively and each individual of the group was instrumental in the development of the idea.

III. PROGRAM COORDINATOR RESPONSIBILITIES

The Vice President of Human Resources is Montana State Fund's IDEA Program Coordinator. The Program Coordinator is responsible for the following:

- A. Receiving applications to be considered for awards
- B. Notifying the individual who submitted the application of the status of the application
- C. Maintaining a tracking system for IDEA Program applications
- D. Bringing together appropriate members of the leadership team to evaluate applications and determine amount of award
- E. Promoting the IDEA Program within Montana State Fund
- F. Arranging presentation of awards
- G. Publicizing awards when appropriate
- H. Preparing an annual report of activity

IV. IDEA PROGRAM APPLICATION PROCEDURES

- A. As part of the ongoing process of managing Montana State Fund, current employees may submit ideas or suggestions that could contribute to the efficiency and effectiveness of Montana State Fund using the IDEA Program Application. Implementation of these ideas or suggestions is solely at the discretion of the leadership team.
- B. The IDEA Program Application form found on Montana State Fund's Intranet is the form to be used for making submitting an idea for consideration under the Program.
- C. Individual employees, groups/teams may submit an application for consideration. Group

or team applications are appropriate only when every employee identified is a member of the group or team that actively participated in the development of the idea.

V. EVALUATION AND PRIORITIZATION OF IDEA PROGRAM APPLICATIONS

- A. The Vice President Human Resources will make the final decision on whether to grant an IDEA Program award and the amount thereof. The President will resolve any and all disagreements related to granting an IDEA Program award.
- B. The Vice President Human Resources is responsible for identifying and appointing a leadership team to evaluate the idea given the subject thereof. The current leadership team to review each IDEA Program Application is the Vice President Operations, and the Vice President Operations Support which is subject to change from time to time. The committee will conduct the initial evaluation of the IDEA Program Application and will make a nonbinding recommendation to the Vice President Human Resources regarding:
 - 1. Approval or disapproval of an application
 - 2. An amount to be awarded
- C. The committee will use the following criteria to evaluate and prioritize IDEA Program Applications:
 - 1. Compare the outcome, accomplishment or savings to what is normally expected of the employee, group or team in the performance of the normal duties and responsibilities of the position filled
 - a. The amount of an award should be commensurate with the extent to which an outcome, accomplishment or savings exceeds what is expected of an individual employee, group or team in the course of performing the normal duties and responsibilities of the job(s).

Example: Some positions are responsible for managing costs either through audit functions, fund management or through management of benefit or claims payments. Cost avoidance is an integral part of the position duties. There is an expectation that the normal completion of duties and responsibilities should result in a certain level of cost savings or cost avoidance.

- b. When cost savings or cost avoidance that result from the expected performance of regular duties is the substance of an Application, the Application is not eligible for an award.

Example: If cost savings or cost avoidance is of a significant dollar amount and has resulted from activities that are highly original and/or creative, involve innovative or novel approaches developed by an individual employee or group/team and, thereby, significantly exceeded the level of effort or diligence normally expected from the position(s), the Application is eligible for an award that may be at the higher end of the range set forth.

Example: If the idea required cooperative work effort possible only through the initiative of an individual employee or group/team that was above and beyond what normally would be expected under existing work or organizational structures, the Application is eligible for an award commensurate with the impact of the idea on Montana State Fund operations.

2. Evaluate the impact of the outcome, accomplishment or savings on delivery of service to customers.
 - a. Outcomes, accomplishments or savings that will increase the satisfaction of Montana State Fund's customer group are eligible for an award commensurate with the expected or actual level of impact on customer satisfaction.
3. Evaluate the outcome, accomplishment or savings in terms of how directly and to what degree they contribute to Montana State Fund's objectives, goals and mission.
 - a. Outcomes, accomplishments or savings that contribute toward Montana State Fund's stated objectives, goals and mission are eligible for an award commensurate with the expected or actual level of contribution.
4. When evaluating a suggestion or idea, the ad hoc committee will consider
 - A. Is the suggestion or idea original? Is it highly innovative, representing a significant departure from previous approaches or ideas or is it a minor modification to an existing approach?
 - B. Can the suggestion or idea be fully implemented? To what degree will it require modification or further development before it can be successfully implemented?
 - C. How important is the suggestion or idea in contributing to the outcome, accomplishment or cost savings? Does it allow a minor improvement in an outcome that would occur without the suggestion or idea, or does it provide the principal impetus or mechanism for an outcome that would not occur without the suggestion or idea?
 - D. If the award is to be divided between two or more persons, the Vice President Human Resources will determine the amount each person is to receive based upon recommendations from the ad hoc committee.
 - E. The ad hoc committee, through the Vice President Human Resources, may request additional assistance from other Montana State Fund staff and/or any person or group able to provide information necessary to make an informed recommendation. The Vice President Human Resources will provide a copy of the submitted IDEA Program Application to the respective functional area Vice President for clarification and/or verification of the information submitted. Within 10 days of the request, the functional area Vice President will provide written response to the Vice President Human Resources who will then distribute the response to members of the ad hoc committee.
 - F. The committee will document its evaluation and make its recommendation in writing.
 - G. If the ad hoc committee determines the suggestion or idea is not applicable to Montana State Fund, the committee will forward their written denial, including their reasons thereof, to the Vice President Human Resources.
 - H. The employee(s) who made application for consideration of an award will receive written notification of the determination by the Vice President Human Resources (see "VI Presentation of Awards" below). The respective functional area Vice President will receive a copy.

VI. PRESENTATION OF AWARDS

- A. The Vice President Human Resources will make the final decision regarding the adoption of an IDEA Program idea and the amount of the award and will notify the employee(s) who made application for a program award within two weeks to acknowledge receipt and copy the respective functional area Vice President. The ad hoc committee will evaluate each IDEA application and make its recommendations for the amount of an award, if any, to the Vice President Human Resources no later than 60 days after receipt of the application.
- B. IDEA Program awards will be presented by the respective functional area Vice President at the next appropriate monthly All Employee Meeting and will be announced in the next issue of the Guardian.
- C. Human Resources will initiate and route for appropriate signatures a Personnel Action Form (PAF) authorizing the payment of the award. Award payments will be processed with the next available payroll cycle once all signatures are obtained.



Montana State Fund Incentive Program

FY2008

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This report describes the Goalsharing Compensation Program developed for the Montana State Fund. This plan was developed at the request of the President/CEO through the collaborative efforts of the company's leadership and staff, and consultation with the Hay Group.

This plan is designed to strengthen the link between the President's, Executive Staff, and Employee incentive programs and concentrate focus at all levels for the company's financial well-being and success. Employees will understand what adds value to the company and translates into improved results, and they will clearly understand what they must do to improve them. They will be motivated by and benefit from the incentives they earn from improved results. The company will benefit from the additional gains that are created.

Key features of the program's design include:

- Fourteen (14) customized, area-specific plans to include the President, Executive Staff, and all Employees.
- Although similar there are three plans with different measures and potential payouts. One plan for the President, another plan for the Executive Staff, and one for the rest of Montana State Fund's Employees.
- Each plan has Net Operating Income as the gatekeeper or triggering mechanism. This sets a clear message that incentive payments are available to all or none based on achieving pre-established corporate profit goals.
- Incentive payout is based on "Key Success Measure" (KSM) performance. Each plan has measures that are reflective of the goals that they have most control over and impact the overall corporate key success measures identified in the FY 2008 Strategic Business Plan.
- Annual payout maximum is capped at 30% of salary for the President, 22.5% for the Executives and 15% for the Employees.

This program is effective July 1, 2007. Its design specifications comprise the remainder of this document.

A separate Incentive Plan has been developed for the President, each of the Executives and 13 of the major operating areas of the company. The major operating areas include the six (6) Multi-Functional Business Teams in Insurance Operations, Corporate Support, Human Resources, Information Technology, Insurance Operations Support, Old Fund, and a combination of Communications, General Counsel and Executive Offices.

While each of these areas has unique responsibilities and requires a unique design, each plan follows a consistent structural and philosophical model. From a structural standpoint, each area plan...

- functions independently of the others but are linked through a common corporate Gatekeeper and Key Success Measures. Through function-specific initiatives the participants of each plan are in control of their incentive results by creating a clear line-of-sight between their actions and behaviors and the overall corporate objectives.
- requires exceptional performance against a series of key success measures (KSMs) to earn incentives. This ensures that quality, service, customer satisfaction and other factors important to the company's long-term success remain in focus while gains are being pursued.
- pays incentives as a percentage of eligible salary to all participating employees. This ensures that all employees are rewarded equitably for the contribution they make to their plan's overall success.

From a philosophical standpoint, each plan gives employees a stake in the company and requires them to act more as "owners" to earn an incentive. Incentives will no longer be the result of someone else's decisions. They will result from their decisions. That will encourage and lead to better decisions regarding the way the various areas operate. Instead of senior management being the only ones concerned with expense, efficiency and results, every employee will be concerned – because it is in their self-interest to be concerned.

Program Structure and Participation

The Montana State Fund Incentive Program consists of fourteen (15) customized area-specific plans. They are:

1. President – President Only
2. Executive Staff – Includes Corporate Support VP, Operations Support VP, Insurance Operations VP, Chief Information Officer, Human Resources VP, and General Counsel.
3. Multi-functional Team 1 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
4. Multi-functional Team 2 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
5. Multi-functional Team 3 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
6. Multi-functional Team 4 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
7. Multi-functional Team 5 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
8. Multi-functional Team 6 (Insurance Operations) – includes the Team Leader and all Helena-based and field team members
9. Insurance Operations Support – includes the Leaders and all members of the following functional teams:
 - The Claims, Underwriting and Safety Management specialty teams
 - Executive Assistant (to the Insurance Operations Support Vice President)
10. Old Fund Unit - Includes the leader and all members of the Old Fund team.
11. Corporate Support– includes the leaders and all members of the following functional teams:
 - Finance
 - Executive Assistant (to the Corporate Support Vice President)
 - Actuary
 - Document Processing and Facilities
 - Strategic Program Coordinator

12. Executive – Includes the leaders and all members of the following functional areas:

- Staff attorney and General Counsel Executive Assistant
- Special Assistant to the President
- Internal Auditor
- Corporate Communications

13. Human Resources

14. Information Technology – includes the Leaders and all members of the IT department.

15. General Counsel - Attorneys and staff of the Fraud & Legal Services Team

Three (3) positions in the company's organization require special handling. They include the Market Development Leaders (MDLs), the Executive Assistant to the Insurance Operations Vice President, and Safety Management Consultants. The MDLs will participate equally in the results of the three (3) Teams to which they are assigned. The Executive Assistant to the Insurance Operations Vice President will participate equally in the results of all six (6) multi-functional Teams. The Safety consultants participate in a share of all six (6) multi-functional Teams based on the amount of time working for those teams.

How Incentives Will Be Earned

When the Montana State Fund achieves the Corporate Net Operating Income (NOI) Gatekeeper (SBP NOI), sufficient profit has been gained creating the money that will be available to pay incentives. However, achieving the NOI target does not mean employees have done an overall exceptional job. Financial gains do not by themselves enhance the company's long-range well-being or safeguard the integrity and quality of its key internal work and service delivery processes. Nor do they ensure that customer satisfaction is being maintained or improved. In short, financial gains do not ensure that all things that contribute to long-term success are in proper balance. Therefore, something more is needed in the design of an incentive plan to accomplish that. That "something more" is the way incentives are earned; a "balanced scorecard."

To earn an incentive; executive staff and employees in addition to achieving corporate profit targets, must perform at a high level of proficiency against the Key Success Measures (KSMs) that have been established in the SBP. These measures help establish this balance.

Following is an explanation of how KSMs in the MSF Program are structured, what they contain and how they operate to determine eventual incentive payout.

- Each KSM is weighted and has pre-established targets for meeting Threshold, Target and Outstanding levels of performance.
- The MSF Board approved Strategic Business Plan (SBP) establishes performance Thresholds. Targets are set using the premise that there is an 80% probability of achieving Threshold performance, 50% probability of achieving Target performance, and 20% probability of achieving outstanding performance.
- The President's, Executive, and Employee plans have different levels of payout attached to achieving Threshold, Target or Outstanding. These are as follows:

Plan Type	Payout as a percent of Salary		
	Threshold	Target	Outstanding
President	10%	20%	30%
Executive	7.5%	15%	22.5%
Employee	5%	10%	15%

- Two KSM categories are used in all matrices -- Corporate and Function-Specific. The Corporate category includes measures that are key indicators as the performance of the company, while Function-Specific targets are developed to give more line-of-sight to the front-line staff and will have a direct impact on our achieving our Corporate level targets. Generally the President will be assigned Corporate level targets, the Executives and all other Employees a combination of Corporate and Function-Specific targets.
- Each Key Success Measure will require the established Threshold performance to be met before an incentive is earned.
- The weight that has been assigned to each key success measure signifies the relative importance of each measure to the specific plans. The total of all weights assigned to all measures in a specific plan is 100%.

President's Measures	Weight	Threshold	Target	Outstanding	Result	Sal. %
Achieve NOI of \$28.2M (Gatekeeper and Measure)	30%	\$28.2M	\$39.8M	\$49.8M		
Achieve Net Earned Premium of \$221.8M	5%	\$221.8M	\$229.7M	\$237.1M		
Achieve FY Loss Ratio of 82.0%	25%	82.0%	78.0%	75.5%		
Achieve Expense Ratio of 26.6%	10%	26.6%	25.5%	24.0%		
Achieve Net Investment Income of \$41.5M	5%	\$41.5M	\$42.2M	\$43.1M		
Achieve Enterprise-Wide Initiatives	25%	80%	90%	100%		
Payout as a % of Salary		10 %	20 %	30 %		

Executive/Employee Targets	Threshold	Target	Outstanding	Weighting	Result	Sal. %
Achieve NOI of \$28.2M (Gatekeeper and Measure)	\$28.2M	\$39.8M	\$49.8M	15%		
Achieve Net Earned Premium of \$221.8M	\$221.8M	\$229.7M	\$237.1M	5%		
Achieve FY Loss Ratio of 82.0%	82.0%	78.0%	75.5%	20%		
Operate Within Expense Budget	PLAN	PLAN-5%	PLAN-10%	5%		
Achieve Net Investment Income of \$41.5M	\$41.5M	\$42.2M	\$43.1M	10%		
Achieve Enterprise-Wide Initiatives	80 %	90 %	100 %	25%		
<u>Function-Specific Initiatives</u> Recruitment				5%		
Other Function-Specific Initiatives		See Exhibits		15%		
<u>Payout as a % of Salary</u> Executives	7.5%	15%	22.5%			
Employees	5%	10%	15%			

Additional Design Features

Incentive Payment Cap

The MSF Goalsharing Program will cap total, annual incentive payments at **30% of salary for the President, 22.5% for the Executives and 15% for the Employees** not

covered by the previously mentioned plans. This means that incentive payments made at the end of the year will not exceed the cap.

This safeguard is being instituted to ensure that only a certain amount of money will be paid should an event occur that was not considered in the program's design. Having a cap on the incentive payment limits the company's liability to an amount that is acceptable. The cap also eliminates the need for last minute, subjective adjustments, and allows management to make commitments that it is sure it can keep.

“Gatekeeper”

It is wise and common to require a safeguard that ensures the company is profitable before any incentives are paid. Our gatekeeper is the Corporate Net Operating Income. This means that before any incentive payments can be made the company must first meet the Net Operating Income THRESHOLD.

Windfall Limitations

A windfall occurs when unexpected profits result from events outside the control or influence of the company. Under these circumstances, paying an incentive on the windfall amount is unnecessary and inappropriate.

The Windfall criteria established for the Montana State Fund plan is as follows:

- **Windfall** – Although unlikely, should a windfall result from an unexpected event, the President/CEO will evaluate its origin and impact, and decide if it should be removed from the incentive calculation.

Rounding

In most circumstances calculations will be rounded to four decimal points. For example: 1.25456 will be rounded to 1.2546, or 1.24543 will be rounded to 1.2454.

Management's Right to Modify the Program

Because this program is relatively new and fairly comprehensive, adjustments may continue to be made to ensure it is performing as intended. Therefore, the President/CEO reserves the right to modify the plan at anytime. All modifications will be reviewed and approved by the President. MSF will inform MPEA of program modifications and reasons for the modification.

Reporting and How Incentives Will be Calculated and Paid

Earned incentives will be paid once a year; normally sometime in October after receipt of the independent actuary's reserving report. On a quarterly basis KSM performance will be updated to document the progress toward year end results. Plan Administrator will:

1. Calculate results for each KSM. Determine the performance level associated with each KSM's results. Calculate the resultant KSM payout amount. Determine the payout percentage by applying the appropriate weighting factor. An example of how this works follows:

Employee Targets	Threshold	Target	Outstanding	Weight	Result	Sal. %
Achieve Net Operating Income of \$28.2M	\$28.2M	\$39.8M	\$49.8M	15%		
Achieve Net Earned Premium of \$221.8M	\$221.8M	\$229.7M	\$237.1M	5%		
Achieve FY Loss Ratio of 82.0%.	82.0%	78.0%	75.5%	20%	80.5%	1.375%
Operate Within Expense Budget.	PLAN	PLAN-5%	PLAN-10%	10%		
Achieve Net Investment Income of \$41.5M	\$41.5M	\$42.2M	\$43.1M	5%		
Achieve Enterprise-Wide Initiatives	80%	90%	100%	25%		
Function-Specific Initiatives	TBD	TBD	TBD	20%		
Payout as a % of Salary	5%	10%	15%			1.375%

In the table above, the actual FY Loss Ratio number is 1.5pp better than the Threshold level (82.0 – 80.5). The total spread between Threshold and Target results is 4.0pp (82.0 – 78.0). That means that the actual result is slightly less than 40% of the way between Threshold and Target ($1.5/4.0 = .375$). This calculated percentage difference is then multiplied by the award percent award difference between the two performance levels ($10 - 5 = 5 \times .375 = 1.875$) to arrive at the additional percentage award beyond the initial category assignment. Threshold = 5% + 1.875% (the incremental amount better than Threshold) = 6.875% total value for FY Loss Ratio. This amount is then multiplied by the factor weight to determine the Goalsharing impact ($6.875 \times .2 = 1.375$).

2. Calculate Payment amount by multiplying Percent of Salary payable as calculated above times eligible earnings. To do this...

Obtain total, eligible earnings paid to each plan for the fiscal year from Finance. Eligible earnings are defined as “earnings while in ‘paid status’, i.e., personal leave, holiday, jury duty, etc. consisting of regular salary (base pay) plus overtime for the period,” and only those salaries of individuals who are entitled to

receive payment. (Probationary, terminated, and individuals with “does not meet” ratings are excluded)

NOTE: Each MDL will receive the average percentage payout of the three multi-functional Teams they support. The Executive Assistant to the Insurance VP Operations Vice President will receive the average percentage payout of all six multi-functional Teams. Safety Management Consultants eligible earnings are distributed based on the amount of time they spend working with each team.

3. Provide a listing of calculated percentage payouts to the Controller for the corresponding salary dollar calculations.
4. Provide a copy of the appropriate Goalsharing summary reports to the Team Leaders to assist them in distribution of the Goalsharing checks to their employees.

Executive Progress Reporting

An Executive report will be generated each quarter that will document current KSM performance and projected year-end results. The purpose is to keep the President and VPs informed of MSF's overall performance and how it impacts Goalsharing.

This section will be used to document any changes made to the incentive programs. A description of change and effective date is required.

Current State:

Future State:

Effective Date of Change:

Exhibit A Employee Eligibility

The following guidelines define employee eligibility to participate in this incentive compensation program:

- President, all executives, and non-probationary employees are eligible to participate in the program. Temporary employees, contract staff and consultants are excluded.
- Employees, new to the State Fund, are eligible to participate; however, an employee must be employed in an eligible position 6 full months or greater before the end of the fiscal year in order to participate in the current year's program.
- Employees who change Teams during the course of the program year will participate in each Team's earned incentive on a pro-rated basis based on their paid earnings for the incentive period in each team.
- If, at the end of the program year, the employee's performance rating **equates** to a "Does Not Meet" rating, (as indicated by a rating of 1 or 2 in MSF's STAR Program), the employee will not be eligible to receive incentive payments. The intent of this clause is to help to define the level of performance that would exclude an employee from eligibility to receive an incentive payout under this program.
- Participating employees who retire or cease work due to total disability as defined in the MSF benefit programs will receive a pro-rated incentive based on the number of full employment months completed during the year prior to retirement or long-term leave. The incentive will be paid no later than the normal payout date.
- If a participating employee should die, any incentive earned will be paid to the employee's designated beneficiary or estate in one lump sum. The incentive will be pro-rated based on the number of full employment months completed during the year prior to death. The incentive will be paid no later than the normal payout date.
- Eligible employees no longer employed by the State Fund due to a reduction in force (RIF) are eligible for payment under the program. The amount of incentive received will be pro-rated for the number of full employment months completed during the year prior to reduction in force. The incentive will be paid no later than the normal payout date.
 - Employees who resign, are terminated for any reason other than retirement, disability, death or reduction in force prior to the payout date for that fiscal year are not entitled to any incentive earned under this program.
- Incentives will be paid to eligible employees as a percentage of their eligible earnings for the incentive period. Each employee will receive a percentage based upon their Teams performance.

Eligible Earnings -- are earnings while in a "paid status", i.e., personal leave (sick and vacation), holiday, jury duty, etc., consisting of regular salary (base pay) plus overtime earnings for the period.

Ineligible Earnings -- are all other earnings, such as lump-sum payments through MSF's pay-for-performance merit program, disability benefits, administrative leave status earnings, or leave payouts.

- Incentives paid under the provisions of this program will be considered compensation for purposes of the administration of State Fund's benefits plans, i.e., contributions to PERS and subject to normal withholding.

Net Operating Income (NOI) Before Dividend

- **Purpose** – The target ensures that we grow our business profitably and effectively manage the financial aspect of our business. As the gatekeeper we are ensuring that our profit targets must be met before any incentive payments can be made.
- **How Measured** -- Using statutory accounting practices, NOI represents the organizations bottom line profits before dividends and contributions to surplus. All New fund: expenses, liabilities, investment income, premium, claims costs, etc. are included.

*Results will be measured by comparing actual NOI before dividend to yearend targeted NOI. For employee incentive programs the trigger for making it through the gate will be set at NOI PLAN. **The President, Executive, and Employee plans will use this target as a gatekeeper and measure.***

- **Participants** – This is a corporate level target shared by all MSF employees and plans.
- **Period** – Projections are available on a quarterly basis only.
- **Data Source** – All data used will be obtained from standard quarterly financial reports generated by the Controller and reviewed and approved by the Corporate Support VP.
- **Data Collection** – A copy of this report is currently routed to the Corporate Support VP. This will be reviewed and provided to Goalsharing Administrator by the 30th day following the end of each quarter.
- **Issues/Concerns** – Board of Investments may delay the production of our quarterly financial reports.

Net Earned Premium

- **Purpose** – The target defines the amount of revenue available to cover overhead and other expenses.
- **How Measured** – Using statutory accounting practices, Net Earned Premium represents all the revenue for the current accident year that has been earned net of any reinsurance cessions.
- **Participants** – This is a corporate level target shared by all MSF employees and plans.
- **Period** – Projections are available on a quarterly basis only.
- **Data Source** – All data used will be obtained from standard quarterly financial reports generated by the Controller and reviewed and approved by the Corporate Support VP.
- **Data Collection** – A copy of this report is currently routed to the Corporate Support VP. This will be reviewed and provided to Goalsharing Administrator by the 30th day following the end of each quarter.
- **Issues/Concerns** – Board of Investments may delay the production of our quarterly financial reports.

FY Loss Ratio

- **Purpose** – The target measures the adequacy of our pricing and our overall claim handling performance and results in a key indicator of underwriting profitability.
- **How Measured** – Using generally accepted actuarial principles, FY Loss Ratio represents FY incurred Losses (Paid plus Case and Bulk Reserves) divided by the corresponding Net Earned Premium.
- **Participants** – This is a corporate level target shared by all MSF employees and plans.
- **Period** – Projections are available on a quarterly basis only.
- **Data Source** – All data used will be obtained from standard quarterly financial reports generated by the Controller and reviewed and approved by the Corporate Support VP.
- **Data Collection** – A copy of this report is currently routed to the Corporate Support VP. This will be reviewed and provided to Goalsharing Administrator by the 30th day following the end of each quarter.
- **Issues/Concerns** – Board of Investments may delay the production of our quarterly financial reports.

Corporate Expense Ratio

- **Purpose** – The target will focus the organization on maintaining the Board approved expense ratio with fluctuating premium.
- **How Measured** – Expense ratio is measured by comparing statutory Operating Expenses to the Net Earned Premium. The Goalsharing target is established by using the actual finalized budget approved by the Board as the Threshold measure, which maybe different than the similar SBP number.

How Calculated:

Year-end Statutory Operating Expense / Net Earned Premium

- **Participants** – This is a corporate target assigned to the President only
- **Period** – Data is available on a quarterly basis only
- **Data Source** – All data used to determine actual results will be obtained from the Quarterly Financial reports
- **Data Collection** – The Goalsharing Administrator will be responsible to collect information needed from the Finance Department
- **Issues/Concerns** – None

Net Investment Income

- **Purpose** – The target focuses the organization on the performance of our investment portfolio
- **How Measured**
- **Participants** – This is a corporate level target shared by all MSF employees and plans
- **Period** – Data is available on a monthly basis and is reported on a one month lag
- **Data Source** – All data used to determine actual results will be obtained from the Monthly Trial Balance
- **Data Collection** – The Goalsharing Administrator will be responsible for collecting information needed from the Finance Department
- **Issues/Concerns** – Board of Investments may delay the production of our quarterly financial reports

Complete Enterprise-Wide Initiatives

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Each strategic initiative has measurable goals and objectives. We plan to measure the cumulative result of all measurable goals and compare it to the targeted completion rate. President, Executives, and Employees will be held to delivery of 80% of all the initiatives measurable goals, at a minimum.

Progress toward completion of Enterprise-Wide Initiatives will be monitored monthly as part of the Business Review Meeting process.

- **Participants** – All MSF employees share in this target
- **Period** – Results are available on a monthly basis
- **Data Source** – Project champions will keep Goalsharing Administrator apprised of project status
- **Data Collection** – Department VPs will update their respective initiative(s) during the Business Review Meetings
- **Issues/Concerns** – None

Recruitment

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – The length of time taken to fill new or vacant positions. Trigger date for incumbents is first day position is vacant, for newly created positions it is when RTF is received in HR. End date is candidate's verbal acceptance of position.

<u>Non-challenging Positions</u>		<u>Challenging</u>
	<u>Positions*</u>	
Threshold = 90 working days		Threshold = 120 working
Target = 60 working days		Target = 90 working
Outstanding = 45 working days		Outstanding = 60 working
*Premium Auditor CE II & CE III	IT Systems Admin. II & III Team Leaders	Underwriters

Exhibit A

Employee Eligibility

- **Participants** – All MSF employees share this target
- **Period** – Results are available on a quarterly basis
- **Data Source** – HR VP report
- **Data Collection** – HR VP
- **Issues/Concerns** – None

Corporate Support – Document Processing

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – All priorities to be completed four times per day. Twice in the morning and twice in the afternoon. All other mail will be completed by 5:00 PM each day. Measurement of this goal upon daily visual inspection and documentation of documents left to be processed and reports accumulated from the work queues in the indexing function

Threshold = 86% completion

Target = 89% completion

Outstanding = 92% completion

Results will be calculated as follows:

- **Participants** – Corporate Support employees
- **Period** – Results are available on a quarterly basis
- **Data Source** – Document Processing Leader report
- **Data Collection** – Document Processing Leader
- **Issues/Concerns** – None

Corporate Support - Facilities

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured**

Follow-up survey of randomly selected representative sample of all users of Facilities Help Desk to gauge level of satisfaction regarding timeliness and quality of service.

Threshold = 85% Satisfaction Level

Target = 90% Satisfaction Level

Outstanding = 95% Satisfaction Level

- **Participants** – Corporate Support employees
- **Period** –Results are available on a quarterly basis
- **Data Source** – Facilities Leader report
- **Data Collection** – Facilities Leader
- **Issues/Concerns** – None

Corporate Support Finance

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Prepare preliminary Quarterly financial reports within 45 calendar days of end of the quarter. The preliminary draft will be prior to Actuarial loss adjustments. The final Quarterly financial reports with the ensuing Actuarial loss adjustments and supporting narrative detail completed and distributed to Executive Staff within 45 calendar days of the end of the quarter. Outstanding performance will be completion of the entire process within 30 days of the end of the quarter.

Threshold = 45 days
Target = 37 days
Outstanding = 30 days

Quicklook reports within 5 business days from end of month date being available.

Threshold = 5 days
Target = 4 days
Outstanding = 3 days

- **Participants** – Corporate Support employees
- **Period** – Results available quarterly
- **Data Source** – Financial Statements
- **Data Collection** – Finance Leader
- **Issues/Concerns** – None

Corporate Support - Planning

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Complete Business Plan and Budget in the established timeline.

Threshold = 15 business days before the Board of Directors' Meeting

Target = 20 business days before the Board of Directors' Meeting

Outstanding = 25 business days before the Board of Directors' Meeting

- **Participants** – Corporate Support employees
- **Period** – Results available annually
- **Data Source** – SBP/Budget
- **Data Collection** – Strategic Program Coordinator
- **Issues/Concerns** – None

Executive

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** –

Aggregated average of all other function-specific goals

- **Participants** – Executive Team employees
- **Period** – Data available annually
- **Data Source** – SBP
- **Data Collection** – Strategic Program Coordinator
- **Issues/Concerns** – None

General Counsel – Customer Service

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Follow-up survey of selected sample of all users of Legal Services to gauge level of satisfaction regarding timeliness and quality of service. Baseline scores are most recent survey results.

Threshold = 5% improvement in weighted “baseline” scores

Target = 10% improvement in weighted “baseline” scores

Outstanding = 15% improvement in weighted “baseline” scores

- **Participants** – Legal employees
- **Period** – Data available annually
- **Data Source** – Legal Survey report
- **Data Collection** – Legal Leader
- **Issues/Concerns** – None

General Counsel – Fraud

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Calculation of return on investment (ROI) on fraud recoveries

Threshold = 20:1

Target = 25:1

Outstanding = 30:1

- **Participants** – Operations and Fraud employees
- **Period** – Data available quarterly
- **Data Source** – Fraud Leader report
- **Data Collection** – Fraud Leader

- **Issues/Concerns** – None

General Counsel – QA

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Operations Support will randomly review MO and indemnity claims and quantify the results into a percent meeting/exceeding file handling expectations. Results will be compared to predetermined performance levels. This is not a cumulative target. For the foreseeable future, the target and measures will apply to indemnity claims only and include all accident years. The investigation/compensability, indemnity and outcome categories will be the primary focus.

Threshold = 5% improvement or 90% score

Target = 10% improvement or 100% score

Outstanding = 20% improvement

- **Participants** – Legal employees
- **Period** – Data available annually
- **Data Source** – Operations Support QA report
- **Data Collection** – Operations Support VP
- **Issues/Concerns** – None

HR

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Prepare and deliver the following reports to VPs to assist them in managing their respective departments; 1) Organization Chart; 2) Recruitment Tracking Report; 3) Employee HRIS Document; and 4) Quarterly Turnover Report.

Threshold = Distribution of reports by the 10th of the month

Target = Distribution of reports by the 7th of the month

Outstanding = Distribution of reports by the 5th of the month

- **Participants** – Human Resources employees
- **Period** – Data available monthly
- **Data Source** – HR VP report
- **Data Collection** – HR VP
- **Issues/Concerns** – None

IT System Availability

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Core production systems available xx% of the time during core business hours of 7 am to 6 pm.

Threshold = 94.5%

Target = 96.3%

Outstanding = 98.2%

- **Participants** – Information Technology employees
- **Period** – Data available monthly
- **Data Source** – IT Leader report
- **Data Collection** – IT Leader

- **Issues/Concerns** – None

IT – Help Desk Turnaround

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Helpdesk will respond to helpdesk requests within an average of one x hour(s) during helpdesk hours of 7 am to 5 pm.

Threshold = 1.25 hrs.

Target = 1 hr.

Outstanding = 50 min.

- **Participants** – Information Technology employees
- **Period** – Data available monthly
- **Data Source** – IT Leader report
- **Data Collection** – IT Leader
- **Issues/Concerns** – None

Claims Quality Assurance

- **Purpose** – The purpose of this target is to allow us to evaluate the quality and effectiveness of our claims handling.
- **How Measured** – Operations Support will randomly review MO and Indemnity claims, and quantifies the results into a % meeting/exceeding file handling expectations. Results will be compared to predetermined performance levels. This is not a cumulative target. For the foreseeable future the target and measures will be related to indemnity claims only and include all accident years. On a category basis there will be an improvement expectation for the lowest ranked category. Only category scores < 90% will be measured.

Outcome Score

Threshold = 80%
score of 90
Target = 85%
Outstanding = 90%

Lowest Category

Threshold = 5% improvement or
Target = 10% improvement or score of 100
Outstanding = 20% improvement

- **Participants** – This is a Team, Operations Support and Team 7 target only
- **Period** – Results are available on an annual basis only

- **Data Source** – All data used will be obtained from the Operations Support QA report
- **Data Collection** – A copy of this report is currently routed to the Operations Support VP. This will be reviewed and provided to Goalsharing Administrator
- **Issues/Concerns** – None

Medical Bill Timeliness/Accuracy

- **Purpose** – The purpose of this target is to increase completion of our strategic initiatives.
- **How Measured** – The gatekeeper for this measurement is to have 96% of all bills paid by CorVel within 30 days of MSF receipt. Upon meeting the gatekeeper the accuracy of the bills processed will be evaluated based upon the quarterly audit of a representative sample.

Threshold = 92.5%

Target = 95%

Outstanding = 98%

- **Participants** – Operations Support Employees
- **Period** – Data available quarterly
- **Data Source** – Medical Leader Report
- **Data Collection** – Medical Leader
- **Issues/Concerns** – None

Old Fund (Team 7)

- **Purpose** – The purpose of this target is to ensure completion of our strategic initiatives.
- **How Measured** – Reduction in Open Claim counts (inclusive of New Fund claims – exclusive of court ordered re-openings and transfer of New Fund claims subsequent to 7-1-07).

Threshold = 95

Target = 110

Outstanding = 125

- **Participants** – Team 7 employees

Exhibit A

Employee Eligibility

- **Period** – Data available monthly
- **Data Source** – Claim Center
- **Data Collection** – Operations Support VP
- **Issues/Concerns** – None